DD/8 69-2304

4 C MAY 1969

MEMORANDUM FOR:	Executive Director-Comptroller	25X1	
SUBJECT :	Proposed Revision of Add Liquidation Plans, and Fiscal Anno	ministrative Plans, exes	
REFERENCE :	Memo dtd 26 Mer 69 for General Co Proposed Drafts of	unsel fr IG, subj:	
		25X1	
in paragraph 5.	randum contains a recommendation f	or your approval 25X1	
considerable disagrees relationship between A memorandam the Inspeing for the second sem trative plan supersede in the mans	coordination of the revision of ment about what the regulation should gency regulations and administrative actor General proposed the following sence of subparagraph c.(5) of sall Agency regulations, except this general of project instrumentalities, acy employees." This phrasing was all Counsel.	plans. In referent compromise phras- "An adminis- regulation and their internal	25X1
	bed by the implication that project in te law", although I recognize that the		

4. To better convey the relationship which should be our goal in the management of project instrumentalities, I suggest the following phrasing for subparagraph c.(5): "ADMINISTRATIVE PLAN. An administrative plan is a supplement to the project entline which upon approval by appropriate

"supersedes" Agency regulations.

time cannot be required to follow procedures which are inconsistent with their character as non-Government entities. It is important to differentiate between Agency management of a project instrumentality and the internal management by the instrumentality of its own affairs, but this differentiation is not accomplished, in my view, by the statement that the applicable administrative plan

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authority constitutes the administrative framework within which the instrumentality is to operate. To that extent it replaces all Agency regulations, except this regulation and in the management of project instru-25X1 mentalities, their internal activities and non-Agency employees. An administrative plan is required for all projects establishing and utilizing proprietaries, operational investments, funding and payrolling instrumentalities and controlled subsidies." 5. The adoption of the version of subparagraph quoted in paragraph 4 above is recommended. CONTRACT TO THE MAN R. L. Barmerman Deputy Director for Support CONCURRENCES: /s/Gordon M. Stewart May 26, '69 Inspector General /s/Lawrence R. Houston 26 May '69 General Counsel Date The recommendation contained /s/T_H. Karamessines in paragraph 5 is approved. Deputy Director for Plans 28 May 69 Date Executive Director-Comptroller 3 JUN 1969 Date ADD/S:JWC/ms (16 May 69) Distribution: Orig - Adse (Return to Chief, SSS, via DD/S) - BR f - IG 1 - General Counsel 1 - DD/S Chrono 1 - DD/S stublect /

1 - DD/P Approved For Release 2003/09/15 : CIA-RDP84-00780R002800160015-1

	EXTRACT FROM PROPOSED	25X1
July 67	"Pertinent Agency regulations apply except as modified by the administrative plan." (NOTE: The Proprietary Study Group added "pertinent" to the working draft prepared by Finance.)	
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Jan 68	DDP proposed, "An administrative plan is a supplement to the project outline which upon approval by the prescribed authority constitutes the administrative regulation for an instrumentality to be established or utilized under the project.", deleting all reference to regulations in the definition of an administrative plan.	
March 68	Director of Finance proposed to OIG: "An administrative plan supercedes all Agency regulations except in matters of the manner of exercising control over project instrumentalities and the conduct of their internal activities and wholly integrated personnel."	25X1
March 68	OIG proposed to OGC: "An-administrative plan-supercedes all Agency regulations, except this regulation and in the management of project instrumentalities, their internal activities and non-Agency employees."	,
1	* * *	
	Possible compromise language:	
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ACTION DIRECT REPLY PREPARE REPLY APPROVAL DISPATCH RECOMMENDATION COMMENT FILE RETURN CONCURRENCE INFORMATION SIGNATURE Attached are copies of correspondence on subject roposals exchanged by OIG and OGC. In providing the copies, also advised: (1) Representatives of O/F helped draft the language proposed in aragraph 1 of the IG memo. (2) OGC's adamance on the uestion of travel allowances means the matter must be resolved by Col. White. (3) OIG plans to prepare statement of the issue to be resolved. The statement, which will give both sides as OIG understands hem, will be taken to DDS, DDP and OGC for oncurrence, then sent to Col. White. They hope to omplete their action this week. STATINT OLD HERE TO RETURN TO SENDER DATE TO MAGRAZINE TO MAGRAZ	- 1	·· UNCLASSIFIED	CONFI	DENTIAL		SECRET
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26 MAR 1930

MIMORANDUM TO: The General Counsel
SUBJECT : Proposed Drafts of
l. Subsequent to our discussions concerning the provisions in the draft regulatory material, we have reviewed the questions with the other interested parties. On the primary issue, that of the effect of the administrative plan of an instrumentality on Agency regulations, we have the following to propose as a substitute for the second sentence of Section c.(5) of the draft of
An administrative plan superfedes all Agency regulations, except this regulation and in the management of project instrumentalities, their internal activities and non-Agency employees.
2. We have also reviewed Section 4.s. in the draft of on the subject of Special Administrative Expense Policy. It is our feeling that formal regulatory material should state the normal Agency policy on this subject. The draft material provides elsewhere for special exceptions in the administrative plan, where justified. We would prefer to retain the language now in the draft.
3. In addition to the above, the Clandestine Service has proposed the following revision of the introductory portion of Section 2 of the draft of
Properly approved support supplements set forth the provisions for special authorizations and management control of instrumentalities in the conduct of their affairs. They may modify specific provisions of Agency regulations, except that every administrative plan will include provision for compliance with They are designed to promote:
4. It is my understanding that these points constitute the only unresolved issues in the draft regulation and handbook. After you have had an opportunity to review them we can discuss them at your convenience.
/s/ Gordon M. Stowart
OIG :1cp (25 Mar 69) Gordon M. Stewart Distribution: Inspector General Orig. & 1 - Addressee 1 - IG Subject
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OGC 69-0815

30 April 1969

MEMORANDUM FOR:	Inspector General	
SUBJECT:		25X1
REFERENCE:	26 Mar 69 Memo fr IG for General Counsel, Same Subject	

1. I believe the proposed revision of section c(5) of the draft of _____ set forth in paragraph one of referent, is acceptable. We assume that non-Agency employees means all employees except Agency staff and contract employees.

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2. With reference to the proposal set forth in paragraph three of referent, I understand that the intent of this would be to have travel allowances normally paid on Government standards rather than on an actual and necessary basis. If this is correct, I am compelled to object on the grounds which have been stated in previous submissions to you. We realize the provision is made for exceptions, but I have in mind the stated intent of members of the Study Group that all proprietary projects should conform with this regulatory material and that few or no exceptions should be allowed. There is apparently no question that standard business practice is to allow actual and necessary expenses. To me it makes no sense to go through the effort to establish a business entity to carry out Agency purposes, with all the attendant work on corporate structure, personnel, tax arrangements, etc., and then insist on an unnatural





regulation on travel allowances. If there are abuses they can be controlled, just as theoretically we can control abuses which are	
equally possible under Government regulations. So it seems to me that the norm should be the business norm of actual and	25X1
necessary expenses.	
LAWRENCE R. HOUSTON	

General Counsel

